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| EXAMINER |
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3622

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05/21/2009

ELECTRONIC

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

pto-sl@huschblackwell.com

|                              |                                      |                                      |  |
|------------------------------|--------------------------------------|--------------------------------------|--|
| <b>Office Action Summary</b> | <b>Application No.</b><br>10/597,056 | <b>Applicant(s)</b><br>LEE, WOO SUNG |  |
|                              | <b>Examiner</b><br>NATHAN C. UBER    | <b>Art Unit</b><br>3622              |  |

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 26 January 2009.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 21-25 and 27-35 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 21-25 and 27-35 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## DETAILED ACTION

### Status of Claims

1. This action is in reply to the arguments/request for reconsideration filed on 26 January 2009.
2. No claims have been amended.
3. Claims 1-20 have been canceled by applicant's amendment filed on 23 April 2008. Claim 26 has been cancelled by Applicant's amendment filed as a request for continued examination on 19 September 2008.
4. Claims 21-25 and 27-35 are currently pending.

### Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.
6. The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:
  1. Determining the scope and contents of the prior art.
  2. Ascertaining the differences between the prior art and the claims at issue.
  3. Resolving the level of ordinary skill in the pertinent art.
  4. Considering objective evidence present in the application indicating obviousness or nonobviousness.
7. **Examiner's Note:** The Examiner has pointed out particular references contained in the prior art of record within the body of this action for the convenience of the Applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific

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limitations within the individual claim, other passages and figures may apply. Applicant, in preparing the response, should consider fully the entire reference as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior art or disclosed by the Examiner.

8. Claims 21-25 and 27-35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Cheung et al. (U.S. 7,043,471) in view of the article *Bidding for Contracts: A Principal-Agent Analysis* by R. Preston McAfee and John McMillan (hereinafter referred to as McAfee).

**Claims 21 and 35:**

Cheung, as shown, discloses the following limitations:

- *generating a predicted expense associated with a search word for a first advertising period based, at least in part, upon statistical data of prior actual clicks for a predetermined advertising period, the predicted expense being associated with expected clicks and a unit click cost associated with the search word (see at least column 23, lines 22-30),*
- *providing to an advertiser over a network the predicted expense for the first advertising period (see at least column 23, lines 22-26),*
- *maintaining a search information database including a search listing associated with the advertisement, in response to the request for advertising from the advertiser, the search listing being associated with the search word*
- *receiving a search request from a user, the search request including the search word (see at least column 7, lines 54-59 and column 17, lines 46-48),*
- *identifying the search listing associated with the search word in response to the search request from the user, thereby placing the search listing in accordance with a predetermined advertising rule (see at least column 18, lines 47-49 and 55-57),*

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- *assessing actual cost for the advertisement based, at least in part, upon a number of actual clicks on the search listing in accordance with a predetermined rule (see at least column 6, line 48-52),*
- *updating account information of the advertiser based, at least in part, upon the actual cost (see at least column 19, lines 50-53),*

With regard to the following limitation, Cheung does not use the words *free advertising period* because when a reserve fund is empty Cheung contemplates either no longer displaying the advertisement or invoicing the advertiser (see at least column 24, lines 6-8 and 10-14). However, Cheung, as shown, discloses the remaining limitations:

- *if the actual cost exceeds the predicted expense, providing the advertiser with a free advertising period during the remaining time period of the first advertising period without charging beyond the predicted expense, the free advertisements period being a period of time in which advertisings are served but the advertiser's account for the advertisement is depleted (see at least column 4, lines 19-23, see also column 24, lines 6-8 and 10-14, see also at least column 14, lines 55-56, an invoicing plan with no cap; invoicing an advertiser for over-delivered clicks is not necessarily different from providing the clicks for free because if the advertiser doesn't pay the bill the Cheung invention will have provided the advertising for free),*

Cheung discloses the phenomenon of advertisers contracting payment limits for advertising (clicks) for periods of time and receiving free advertisements if advertisements (clicks) are served to users exceeding those limits (see at least column 4, lines 19-23). Rather than allowing free advertising, Cheung takes the position that free advertisements are a defect in the art (see at least column 4, lines 19-23) and seeks to prevent them from being distributed (see at least column 24, lines 6-11). It would have been obvious to one having ordinary skill in the art at the time the invention was made to disagree with Cheung's position that free advertisements are a defect in the art and to

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alternatively award free advertisements to advertisers because the Cheung invention has the capability to predict, detect, report and award free clicks and because Cheung presents the option of awarding free advertisements verses not awarding them (see at least column 4, lines 19-23). In other words creating a method to anticipate advertising costs, as in the Cheung invention, with the only difference between the inventions being whether or not to charge an advertiser for traffic in excess of the prediction constitutes only an obvious variation of the Cheung invention, especially in light of Cheung's disclosure. Further it is old and well known in the business arts that when a bidding business miscalculates or misquotes a project, that the business must absorb any extra expense in favor of retaining the future business of the customer and generating good will. For example, when contractors provide bids or quotes for a project, they estimate their labor cost. If the project ultimately requires more labor hours than the contractor anticipated, the contractor will absorb that cost (i.e. provide free labor). Of course the contractor has the option to bill for the extra time as well, but it is more common in such a situation for the contractor to instead inform the customer that the contractor absorbed the extra hours to create good faith and pave the way for repeat patronage. Therefore, here, it would have been obvious for one having ordinary skill in the art at the time the invention was made to try awarding free clicks rather than bill for them since there are a finite number of identified, predictable potential solutions for handling the extra click situation and one having ordinary skill in the art could have pursued the known potential solutions with a reasonable expectation of success.

With regard to the following limitation, Cheung discloses the advertiser setting the account limit based on whatever considerations the advertiser chooses. The Cheung invention then provides the advertisements and charges the advertiser's account up to that limit and beyond depending on the contract or type of account the advertiser specifies. Cheung does not specifically disclose the following limitation. However, McAfee, as shown discloses the following limitation:

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- *upon receipt of a request for advertising from the advertiser, setting up the predicted expense account limit for the first advertising period (see at least page 326, ¶13 of the Introduction, “[w]ith a fixed price contract, the payment is simply the firm’s bid”, Applicant is essentially claiming a fixed price contract, as opposed to the account-limit method of Cheung which reduces the risk of the provider relative to the advertiser; here the firm is analogous to the advertisement host and the government/payor is analogous to the advertiser),*

It would have been obvious to one having ordinary skill in the art at the time of the invention to modify the Cheung invention to include a fixed-price-contract-style payment plan as discussed in McAfee since the claimed invention is merely a combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.

**Claim 22:**

Cheung, as shown, discloses the following limitations:

- *generating the statistical data of prior actual clicks for a predetermined previous period (see at least column 24, lines 41-51, “[t]he reports may include... number of clicks”),*
- *generating a number of expected clicks based, at least in part, upon the statistical data, wherein the number of expected clicks is calculated on a basis of regression (see at least column 23, lines 26-30),*
- *calculating a maximum number of expected clicks during a predetermined period based, at least in part, upon the number of expected clicks (see at least column 23, lines 39-41),*
- *generating the predicted expense based, at least in part, upon the maximum number of expected clicks (see at least column 23, lines 39-41).*

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**Claims 23 and 25:**

Cheung, as shown, discloses the following limitations:

- *setting a number of expected clicks (Y') by the regression, as...* (see at least column 23, lines 36-41, ...implementation of a software counting mechanism as is well known in the art...").

**Claim 24:**

Cheung, as shown, discloses the following limitations:

- *the number of expected clicks (Y') is set by further considering information on a number of impressions during a particular period or information on a number of season-oriented clicks* (see at least column 24, line 44-52, "...number of impressions...").

**Claim 26:**

Cheung, as shown, discloses the following limitations:

- *the step of generating a predicted expense further considers at least one predetermined multiplier based on the statistical data* (see at least column 23, lines 36-41)

**Claim 27:**

Cheung, as shown, discloses the following limitation:

- *actual clicks* (see at least column 23, line 39)
- *maximum number of expected clicks* (see at least column 23, lines 39-41)

Cheung does not specifically disclose *comparing* a predicted number of clicks for a given period to the actual number of clicks that occurred in that period as claimed in the limitation below. However Examiner takes **Official Notice** that it is old and well known in the art to compare expectations for an advertising campaign over a given period of time to the actual results.

- *comparing the number of actual clicks with the maximum number of expected clicks,*



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Therefore it would have been obvious to one of ordinary skill in the art at the time of the invention to include among Cheung's many reporting features (see column 24 generally) a report that compared expected cost/clicks to actual cost/clicks for a given period because the Cheung invention already compiles the necessary information and such a comparison would help advertisers "fine-tune [their] projected cost estimates" (column 24, lines 10-11).

**Claim 28:**

Cheung, as shown, discloses the following limitations:

- *determining a valid click, wherein said step of determining a valid click comprises the steps of* (see at least column 26, lines 16-19),
- *receiving a click on the search listing from the user* (see at least column 26, lines 16-17),
- *obtaining a first identifier associated with the search listing clicked by the user* (see at least column 26, lines 26-27),
- *in case that the first identifier is identical to a second identifier associated with the search listing clicked within a predetermined time period, determining that the click is invalid* (see at least column 26, lines 26-29 and 17-19),
- *counting clicks on the search listing in accordance with the predetermined rule, excluding the clicks determined to be invalid* (see at least column 26, lines 21-23, "...[t]he filters may be run on different subsets of data at different times...").

**Claim 29:**

Cheung, as shown, discloses the following limitations:

- *said step of determining a valid click is performed every predetermined time period during the predetermined advertising period* (see at least column 26,

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lines 21-23, "...[t]he filters may be run on different subsets of data at different times...").

**Claim 30:**

Cheung, as shown, discloses the following limitations:

- *in case that a request for cancellation of an advertisement is received from the advertiser within the predetermined advertising period, said step of determining a valid click is ceased at the time of the cancellation (see at least column 26, lines 21-23, "...[t]he filters may be run on different subsets of data at different times...").*

**Claim 31:**

Cheung, as shown, discloses the following limitations:

- *transmitting information on a test amount to an account associated with the advertiser; receiving data related to the bidding process from the advertiser; and determining whether the test amount is identical to the data related to the bidding process from the advertiser (see at least column 27, lines 20-25, retrieve an account balance and evaluate account status).*

Cheung does not disclose transmitting test amounts, but as shown, Cheung does disclose evaluating the account status to confirm transactions. Examiner takes **Official Notice** that it is old and well known in the art to verify account status and that there are many methods for doing so including testing an account. It would have been obvious to one having ordinary skill in the art at the time of the invention to employ alternate methods of verifying customer accounts such as testing an account because different methods produce different results and it may be beneficial to have a record of a testing event rather than rely on a status indicated by a computer.

**Claim 32:**

Cheung, as shown, discloses the following limitations:

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- *generating information on a trend of clicks based on the number of actual clicks within the advertising period (see at least column 24, line 9, "general pattern"),*
- *generating the predicted expense based on the trend of clicks (see at least column 23, lines 47-48).*

**Claim 33:**

Cheung, as shown, discloses the following limitations:

- *maintaining a present information database for recording information on a present state of the advertisement associated with the advertiser (see at least column 23, lines 22-67 and column 24, "account management menu"... several sections to view information related to the advertiser's campaign...),*
- *providing the advertiser with the information on the present state of the advertisement (see at least column 23, lines 22-23, "[t]he 'account management' menu also may provide advertisers with..." emphasis added),*
- *wherein the information on the present state of the advertisement includes at least one selected from a group consisting of return on investment (ROI), unique visitor (UV), click through rate (CTR), a number of clicks and a number of impression associated with the search listing during the advertising period (see at least column 24, lines 48-49, "number of clicks... number of impressions").*

**Claim 34:**

Cheung, as shown, discloses the following limitations:

- *the unit click cost is set by satisfying the steps of receiving at least one bid price associated with at least one arranged location of the search listing from at least one advertiser (see at least column 6, lines 66-67 through column 7, lines 1-2),*

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- *accepting one bid price satisfying a predetermined condition among the at least one bid price for each of the at least one arranged location of the search listing (see at least column 7, line 43),*
- *setting the accepted bid price to be a unit click cost (see at least column 7, line 43).*

### **Response to Arguments**

9. Applicant's arguments filed 26 January 2009 have been fully considered but they are not persuasive.
10. Applicant argues that Applicant's invention is novel and nonobviousness over the prior art of record by virtue of the following two limitations:
  - *upon receipt of a request for advertising from the advertiser, setting up the predicted expense as an account limit for the first advertising period*
  - *if the actual cost exceeds the predicted expense, providing the advertiser with a free advertising period during the remaining time period of the first advertising period without charging beyond the predicted expense, the free advertising period being a period of time in which advertisements are served but the advertiser's account for the advertisement is depleted*

Examiner asserted that "Applicant is essentially claiming a fixed price contract as opposed to the account-limit method of Cheung '471..." (see page 4 of Applicant's remarks). Applicant admits that "the fixed price payment plan in the advertising industry charges a fixed amount for a specific advertisement during a specific time period... the actual cost of the advertisement based upon the number of clicks made during the specified time period could be more or less..." (*Id.*). Applicant further admits that this concept is taught by the McAfee reference (*Id.* at page 5). Applicant then argues that the payment plan in the above limitations is not the fixed price style payment plan because the advertising service provider does not charge a fixed price, but charges the actual cost of the advertising up to the account limit (*Id.*).

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11. The payment plan in the claims is no different from the fixed price payment plan Applicant admits is common in the industry. Examiner notes that the limitations above clearly indicate an account limit, or a price that the advertiser is willing to pay. The limitations also disclose that if costs exceed that price, the advertiser is not charged the excess costs. Applicant argues that the distinguishing feature between the prior art and Applicant's invention is that Applicant's invention reduces the risk to the advertiser because that advertiser only charged for the ads they consume if the account limit is not reached in the advertising period (see page 5 of Applicant's remarks). Examiner first notes that this concept is not enumerated in the claim limitations as Applicant asserts. Additionally Examiner notes that Cheung '471 discloses a similar method charging advertisers' accounts as costs are accrued (see at least Cheung column 20, lines 3-14). In this implementation of Cheung, the advertiser is not charged beyond the actual costs advertiser's advertisements accrue. Examiner's 103 combination of the teachings of Cheung (which include the majority of the remaining claim limitations including predicting a cost of advertising as well as charging advertiser accounts as costs are accrued) with McAfee's demonstration of the concept of a service provider offering services for a price and then absorbing cost overruns renders Applicant's invention obvious when taken as a whole. The only element that Cheung lacks is the concept of the service provider absorbing the cost of cost overruns; i.e. costs exceeding the predicted cost. In Cheung if the advertising costs accrued reach an account limit, the excess costs are billed to the advertiser (*Id.*). However, McAfee teaches, and Applicant admits, that it is known in the advertising industry for a service provider to absorb the cost overruns of a service that the service provider misjudged or misquoted in the fixed price model. Therefore the combination of this fixed price concept with the Cheung method constitutes a mere combination of old elements, and in the combination each element merely would have performed the same function as it did separately, and one of ordinary skill in the art would have recognized that the results of the combination were predictable.
12. Examiner analogizes the predicted advertising expense of Cheung and Applicant's invention (which Applicant employs as the account limit) to a quote or bid for the cost of a service as in

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McAfee. Applicant argues that the example in McAfee of a contractor budding for a government contract is not analogous because a contractor “can manage and control their labor... however, the service provider [of Applicant's invention] cannot control the users' click pattern” (see page 6 of Applicant's remarks). Applicant's assumption that there are no factors outside a contractor's control that affects a contractor's cost is absurd. Nevertheless, if taken to be true, it does not satisfactorily disqualify the McAfee reference for the concept that it teaches; which is not charging for cost overruns. Applicant further asserts (with no further elaboration) that the only direction in Cheung and McAfee to the invention “is through the application of forbidden hindsight” (see page 6 of Applicant's remarks). “Applicants may argue that the Examiner's conclusion of obviousness is based on improper hindsight reasoning. However, “[a]ny judgment on obviousness is in a sense necessarily a reconstruction based on hindsight reasoning, but so long as it takes into account only knowledge which was within the level of ordinary skill in the art at the time the claimed invention was made and does not include knowledge gleaned only from applicant's disclosure, such a reconstruction is proper.” *In re McLaughlin* 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971). Applicants may also argue that the combination of two or more references is “hindsight” because “express” motivation to combine the references is lacking. However, there is no requirement that an “express, written motivation to combine must appear in prior art references before a finding of obviousness.” See *Ruiz v. A.B. Chance Co.*, 357 F.3d 1270, 1276, 69 USPQ2d 1686, 1690 (Fed. Cir. 2004)” (see MPEP 2145(X)(A)). As admitted by Applicant and demonstrated in the Cheung reference, all of the facts relied on in Examiner's 103 rejection were only based on knowledge which was within the level of ordinary skill in the art at the time the claimed invention was made and does not include knowledge gleaned only from applicant's disclosure. Accordingly, there is no improper hindsight in Examiner's rejection.

13. Examiner further notes, to the extent that Applicant believes that Applicant's invention is novel and nonobviousness solely due to alleged distinguishable contracting terms disclosed in the claims, Applicant is advised that contract terms are not patentable subject matter and therefore

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cannot be relied on to patentably distinguish one invention from another. Contacts are not among the enumerated statutory classes of invention under 35 U.S.C. 101.

14. Applicant argues that "Examiner's assumption and comparison are not proper" then challenges an alleged official notice statement from page 5 of the October 2008 Office action. As an initial matter, Examiner did not take Official notice of any facts on page 5. Page 5 is an explanation of the 103 combination Examiner employed to demonstrate that independent claims 21 and 35 are obvious. Each limitation is repeated in the rejection on pages 3 and 4 and each limitation is followed by a citation to a specific teaching of that limitation in the art of record. Applicant's remarks regarding the alleged official notice statement is moot because there is no official notice statement regarding the independent claims.
15. Applicant asserts that "the advertising service provider [of Applicant's invention] does not 'miscalculate or misquote' and advertising cost" (see page 7 of Applicant's remarks). Applicant asserts on page 7 that Examiner inappropriately (according to contract law) used the words bid and quote interchangeably. And applicant asserts on page 7 that contractors under a binding contract cannot bill for excess costs as Examiner suggested, again because that is contrary to contract law (as an aside, Examiner notes that contractors are known to do many things that are contrary to contract law; just because an entity bills does not mean that they will ultimately collect the amounts billed or that they were justified in billing). "Attorney argument is not evidence unless it is an admission, in which case, an examiner may use the admission in making a rejection. See MPEP § 2129 and § 2144.03 for a discussion of admissions as prior art. The arguments of counsel cannot take the place of evidence in the record. *In re Schulze*, 346 F.2d 600, 602, 145 USPQ 716, 718 (CCPA 1965); *In re Geisler*, 116 F.3d 1465, 43 USPQ2d 1362 (Fed. Cir. 1997) ("An assertion of what seems to follow from common experience is just attorney argument and not the kind of factual evidence that is required to rebut a prima facie case of obviousness."). See MPEP § 716.01(c) for examples of attorney statements which are not evidence and which must be supported by an appropriate affidavit or declaration" (see MPEP 2145(I)). Applicant's arguments on pages 7-8 of Applicant's response do not address the facts presented in the prior

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art nor support Applicant's premise that the prior art is non-analogous with proper evidence from the specification. Therefore Examiner is not persuaded by Applicant's arguments. Further in defense of McAfee as analogous art, Examiner relies on Examiner's earlier response to the same argument in the preceding paragraphs.

16. Applicant argues that Cheung teaches way from providing a free advertising period after costs exceed the account limit. First Applicant argues that Examiner's misunderstands the legal concept of teaching away, and relies on various excerpts from case law to establish the legal premise for teaching away. As noted in the interview, Examiner is not entitled to take legal positions on behalf of the Office. The Office's legal positions on all matters is explicitly stated in the MPEP and further clarified in official memos released by the Office of Patent Legal Administration. On the matter of teaching away the MPEP states the following:

A prior art reference that "teaches away" from the claimed invention is a significant factor to be considered in determining obviousness; however, "the nature of the teaching is highly relevant and must be weighed in substance. A known or obvious composition does not become patentable simply because it has been described as somewhat inferior to some other product for the same use." *In re Gurley*, 27 F.3d 551, 554, 31 USPQ2d 1130, 1132 (Fed. Cir. 1994) (Claims were directed to an epoxy resin based printed circuit material. A prior art reference disclosed a polyester-imide resin based printed circuit material, and taught that although epoxy resin based materials have acceptable stability and some degree of flexibility, they are inferior to polyester-imide resin based materials. The court held the claims would have been obvious over the prior art because the reference taught epoxy resin based material was useful for applicant's purpose, applicant did not distinguish the claimed epoxy from the prior art epoxy, and applicant asserted no discovery beyond what was known to the art.). Furthermore, "the prior art's mere disclosure of more than one alternative does not constitute a teaching away from any of these alternatives because such disclosure does not criticize, discredit, or otherwise



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discourage the solution claimed....” *In re Fulton*, 391 F.3d 1195, 1201, 73 USPQ2d 1141, 1146 (Fed. Cir. 2004). MPEP 2145(X)(D)(1)

A reference may be relied upon for all that it would have reasonably suggested to one having ordinary skill the art, including nonpreferred embodiments. *Merck & Co. v. Biocraft Laboratories*, 874 F.2d 804, 10 USPQ2d 1843 (Fed. Cir.), cert. denied, 493 U.S. 975 (1989). See also > *Upsher-Smith Labs. v. PamLab, LLC*, 412 F.3d 1319, 1323, 75 USPQ2d 1213, 1215 (Fed. Cir. 2005)(reference disclosing optional inclusion of a particular component teaches compositions that both do and do not contain that component);< *Celeritas Technologies Ltd. v. Rockwell International Corp.*, 150 F.3d 1354, 1361, 47 USPQ2d 1516, 1522-23 (Fed. Cir. 1998) (The court held that the prior art anticipated the claims even though it taught away from the claimed invention. “The fact that a modem with a single carrier data signal is shown to be less than optimal does not vitiate the fact that it is disclosed.”). MPEP 2123(I)

Note that combining known prior art elements is not sufficient to render the claimed invention obvious if the results would not have been predictable to one of ordinary skill in the art. *United States v. Adams*, 383 U.S. 39, 51-52, 148 USPQ 479, 483-84 (1966). In *Adams*, the claimed invention was to a battery with one magnesium electrode and one cuprous chloride electrode that could be stored dry and activated by the addition of plain water or salt water. Although magnesium and cuprous chloride were individually known battery components, the Court concluded that the claimed battery was nonobvious. The Court stated that “[d]espite the fact that each of the elements of the *Adams* battery was well known in the prior art, to combine them as did *Adams* required that a person reasonably skilled in the prior art must ignore” the teaching away of the prior art that such batteries were impractical and that water-activated batteries were successful only when combined with electrolytes detrimental to the use of magnesium electrodes. *Id.* at 42-43, 50-52, 148 USPQ at 480, 483. “When the prior art teaches away from combining certain known elements, discovery of successful means of combining them is more likely to be

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nonobvious.” *KSR*, 550 U.S. at \_\_\_, 82 USPQ2d at 1395. MPEP 2105(A) (emphasis added)

A prima facie case of obviousness may also be rebutted by showing that the art, in any material respect, teaches away from the claimed invention. *In re Geisler*, 116 F.3d 1465, 1471, 43 USPQ2d 1362, 1366 (Fed. Cir. 1997) (Applicant argued that the prior art taught away from use of a protective layer for a reflective article having a thickness within the claimed range of “50 to 100 Angstroms.” Specifically, a patent to Zehender, which was relied upon to reject applicant’s claim, included a statement that the thickness of the protective layer “should be not less than about [100 Angstroms].” The court held that the patent did not teach away from the claimed invention. “Zehender suggests that there are benefits to be derived from keeping the protective layer as thin as possible, consistent with achieving adequate protection. A thinner coating reduces light absorption and minimizes manufacturing time and expense. Thus, while Zehender expresses a preference for a thicker protective layer of 200-300 Angstroms, at the same time it provides the motivation for one of ordinary skill in the art to focus on thickness levels at the bottom of Zehender’s suitable’ range- about 100 Angstroms- and to explore thickness levels below that range. The statement in Zehender that [i]n general, the thickness of the protective layer should be not less than about [100 Angstroms]’ falls far short of the kind of teaching that would discourage one of skill in the art from fabricating a protective layer of 100 Angstroms or less. [W]e are therefore not convinced that there was a sufficient teaching away in the art to overcome [the] strong case of obviousness’ made out by Zehender.”). MPEP 2144.05(B)(III)

As noted ‘teaching away’ requires more than a mere disclosure of a different approach. Rather the teaching is considered as a whole for what it discloses to one having ordinary skill in the art. Examiner notes that in the *Adams* example above, the suggested combination was found nonobviousness because the current level of scientific understanding at the time of the invention was that such batteries were impractical and that water-activated batteries were successful only

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when combined with electrolytes detrimental to the use of magnesium electrodes. This is an example of teaching away in which one of ordinary skill is taught that a particular approach is not viable and the only prediction one of ordinary skill could make about following such an approach is that it will not work. Contrarily, in the *Geisler* example the prior art statement that the thickness of the protective layer "should be not less than about [100 Angstroms]" was not found to be a statement teaching away from a thinner layer because, unlike in the *Adams* example, this statement "falls far short of the kind of teaching that would discourage one of skill in the art from fabricating a protective layer of 100 Angstroms or less."

17. Here, Applicant relies on Cheung's observation of the state of the art in column 4, lines 17-23 as evidence of teaching away, "[e]xisting account monitoring methods often result in advertisements being over-delivered and the advertiser's account being overcharged[ s]ince advertisers may have established predetermined limits for certain charges, the search provider may not be reimbursed for the services provided to the advertiser beyond the advertiser's predetermined limit." Examiner does not agree that this statement constitutes the kind of teaching that would discourage one of skill in the art from awarding free advertising. First of all, this statement demonstrates that "providing a free advertising period" is not an actual step; it is merely an acquiescence to a recognized phenomenon in the internet advertising arts. Second, this statement is not at teaching, as in *Adams*, that internet advertising methods cannot be successful if service providers cannot recover all advertising costs. Rather as in *Geisler* this statement is similar to the Zehender statement that suggests that service providers should be reimbursed for their services, but in no way discourages one of skill in the art from pursuing a different approach to the same phenomenon. Examiner further notes, that Applicant's invention adjusts the expected price of advertising for subsequent time periods to ultimately minimize future free advertising periods. Examiner is not persuaded that Cheung teaches away from the claimed invention.
18. Applicant revisits Applicant's assertion that the McAfee reference is non-analogous art because the McAfee is not in the same field of endeavor and because McAfee is not pertinent to the particular problem with which the inventor is involved (see page 12 of Applicant's remarks).

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Applicant surmises that the field of endeavor for the McAfee reference is the bidding process for government contracts and that it is different from Applicant's field of endeavor which is online advertisement accounts. Examiner disagrees with Applicant's conclusions. The McAfee reference is relied on to teach essentially contract terms which Applicant incorporated into Applicant's claims. The field of endeavor is business methods, and particularly billing approaches for service costs that a service provider cannot fully control. Applicant focuses on descriptive elements of McAfee rather than the business concepts McAfee teaches (and on which Examiner relies in the rejection above) to allegedly distinguish McAfee's field of endeavor from Applicant's. Examiner is not persuaded that descriptive elements from the McAfee reference disqualify McAfee as analogous art for the elements of Applicant's invention that McAfee is relied on to teach. The business application of McAfee is not relevant (i.e. government contractors for construction projects); rather the well known concept of establishing contract terms in which the service provider absorbs cost overruns is all McAfee is relied on to teach. This concept is a well known business practice and transcends all business applications (construction, advertising, etcetera).

19. Applicant argues that McAfee is not pertinent to the particular problem with which the inventor is involved because "the account limit of the present invention and the bid price of the McAfee reference have totally different concepts" (see page 14 of Applicant's remarks). First applicant argues that McAfee does not adequately teach the predicted expense limitation of the claim. Examiner reminds Applicant that Cheung teaches this element. Next Applicant argues that in Applicant's invention the advertiser determines the account limit. In fact in Applicant's invention the predicted expense is the account limit, and the service provider determines the predicted expense not the advertiser (see claims 21 and 35). Applicant argues that the purpose of McAfee of controlling cost risk in contracts is not reasonably pertinent to Applicant's stated purpose of "preventing unexpectedly sharp increase in online advertising cost" (see page 16 of Applicant's remarks). Examiner disagrees, and maintains that both McAfee and invention are concerned with the particular problem of controlling costs for services between contracting parties. And that the McAfee contribution is therefore reasonably pertinent and analogous.

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- 20.** Regarding claims 23-25, Examiner provides citations in the prior art that adequately teach these limitations. In claims 23 and 24 the “regression” Applicant claims is  $y=bx$  or  $y=mx+b$  (i.e. a standard equation for a standard line) and in claim 25 the equation is either the sum or the product of several such lines. Cheung describes these simple equations in column 23, lines 36-41 and column 24, lines 44-52 in prose. Further Cheung discloses that counting clicks is old and well known in the art.
- 21.** Examiner wishes to clarify Examiner’s statement at the interview which Applicant misinterprets in his argument. Examiner stated to Applicant that Cheung teaches the material in claims 23-25. Further Examiner stated that Examiner did not suggest further elaborating the counting mechanism of the invention in the claims in an effort to develop a point of novelty or non-obviousness because Examiner is confident, after reading Applicant’s specification, that Applicant’s counting mechanism is disclosed in the prior art. This is very different from Applicant’s suggestion that Examiner is rejecting these claims based on personal knowledge (see pages 17-18). Examiner, in the context of the interview, was trying to help Applicant determine how to proceed with the case by indicating that elaborating the “counting” elements of the invention in the claims would likely not lead to allowable claims. Examiner respectfully requests that Applicant avoid mischaracterizing Examiner’s statements from interviews regarding the invention to suggest that Examiner is withholding pertinent information regarding the current claim rejections.
- 22.** With regard to claims 27 and 31, the common knowledge declared to be well-known in the art is hereby taken to be admitted prior art because the Applicant failed to traverse the Examiner’s assertion of Official Notice. To adequately traverse the Examiner’s assertion of Official Notice, the Applicant must specifically point out the supposed errors in the Examiner’s action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. A general allegation that the claims define a patentable invention without any reference to the Examiner’s assertion of Official Notice is inadequate. Support for the Applicant’s assertion of should be included.

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### **Conclusion**

- 23.** The rejections are maintained in this action. Applicant's arguments are addressed above. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).
- 24.** A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

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25. Any inquiry of a general nature or relating to the status of this application or concerning this communication or earlier communications from the Examiner should be directed to **Nathan C Uber** whose telephone number is **571.270.3923**. The Examiner can normally be reached on Monday-Friday, 8:30am-4:00pm EST. If attempts to reach the examiner by telephone are unsuccessful, the Examiner's supervisor, **Eric Stamber** can be reached at **571.272.6724**.
26. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://portal.uspto.gov/external/portal/pair> <<http://pair-direct.uspto.gov>>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at **866.217.9197** (toll-free).
27. Any response to this action should be mailed to:

**Commissioner of Patents and Trademarks**

**P.O. Box 1450, Alexandria, VA 22313-1450**

or faxed to **571-273-8300**.

28. Hand delivered responses should be brought to the **United States Patent and Trademark Office Customer Service Window**:

Randolph Building

401 Dulany Street

Alexandria, VA 22314.

/Nathan C Uber/ Examiner, Art Unit 3622  
18 May 2009

/Arthur Duran/  
Primary Examiner, Art Unit 3622